

To the Members of California State Assembly:

I am returning Assembly Bill 1558 without my signature.

Enactment of AB 1558 would create a mechanism for Local Initiatives and County Organized Health Systems (COHS) health plans to develop additional legal entities to operate managed care contracts or enter into contracts with the Medicare program.

The first section of the bill is unnecessary as it appears that many or all of the entities referred to in the bill currently have the authority to create “additional legal entities” under current law.

However, my Administration supports the author’s goal to allow the COHS to establish systems of care for persons who are eligible to receive health care services under both the Medi-Cal and Medicare programs. It is important that dually-eligible persons have the option to receive care from a single plan that would be responsible for integrating services across the health care continuum. Many of these beneficiaries are among the most frail seniors and individuals with disabilities; they would benefit greatly from the integration of care that this legislation was intended to create. Further, this integration of care can lead to long term savings in the Medi-Cal program by reducing unnecessary inpatient hospitalizations and nursing facility care. This Administration is committed to working with the author to introduce and pass legislation at the earliest opportunity in the next legislative session to achieve this important objective.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger